



May 17, 2019

Mr. John Dutrey, Housing Program Manager
City of Rialto
150 South Palm Avenue
Rialto, CA 92376

Dear Mr. Dutrey:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Rialto Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 31, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 24, 2019.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our initial review, the Agency had approximately \$160,118 in Reserve Balances plus \$171,750 in Other Funds, totaling \$331,868, available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) funding. During the Meet and Confer, the Agency agreed that \$171,750 in Other Funds is available, but contended that \$78,632 of the Reserve Balances amount is unavailable.

The Agency agreed that \$160,118 in Reserve Balances was available at the end of ROPS 16-17, but contended that \$78,632 of this amount was subsequently spent toward Item No. 198 – Library Trust Fund and is no longer available. Finance authorized \$78,632 in Reserve Balances funds toward Item No. 198 during the periods July 1, 2017 through June 30, 2018 and July 1, 2018 through June 30, 2019 (ROPS 18-19). The Agency provided an accounting record confirming the transfer of \$78,632 to the Library Impact Fee Fund related to Item No. 198 during ROPS 18-19. As such, the Agency's request that Finance reduce the amount of reclassified Reserve Balances by \$78,632 to \$81,486 (\$160,118 - \$78,632) is approved. A total of \$253,236 is available to fund enforceable obligations on the ROPS 19-20. Therefore, the funding sources for the following item have been reclassified in the amounts specified below:

- Item No. 8 – 2008 Series B Tax Allocation Bonds in the requested amount of \$2,336,625 is partially reclassified from RPTTF to Reserve Balances and Other Funds. This item does not require payment from property tax revenues. Therefore, Finance is approving \$81,486 in Reserve Balances, \$171,750 in Other Funds, and \$ 2,083,389 in RPTTF, totaling \$2,336,625.

In addition, per Finance's letter dated April 15, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,960,191 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is Finance's final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

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Please direct inquiries to Joshua Mortimer, Supervisor, or Stephen Franz, Lead Analyst, at (916) 322-2985.

Sincerely,

Charles L. McCormick

J JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Robb Steel, Assistant to the City Administrator/Development Services Director, City of Rialto
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 7,380,441	\$ 3,582,837	\$ 10,963,278
Administrative RPTTF Requested	221,413	107,485	328,898
Total RPTTF Requested	7,601,854	3,690,322	11,292,176
RPTTF Requested	7,380,441	3,582,837	10,963,278
<u>Adjustment</u>			
Item No. 8	(253,236)	0	(253,236)
RPTTF Authorized	7,127,205	3,582,837	10,710,042
Administrative RPTTF Authorized	221,413	107,485	328,898
Total RPTTF Authorized for Obligations	7,348,618	3,690,322	11,038,940
Prior Period Adjustment	(78,749)	0	(78,749)
Total RPTTF Approved for Distribution	\$ 7,269,869	\$ 3,690,322	\$ 10,960,191